

ILAC Implementation Update

Status as of: 6/16/08

	Commodities	Inflation-Linked Bonds (ILB)	Infrastructure	Forestland
Investment Policies	Approved	Approved	First reading submitted to Policy Subcommittee on 4/21/08. Second reading to be submitted to Policy Subcommittee on 6/16/08 and to full Investment Committee on 8/18/08.	Approved
Staffing/Organization	Existing Commodities PM position - transferred from Global Fixed Income (GFI) in March 2008.	GFI Unit continues to staff this investment area; agreement between SIO's GFI and Asset Allocation completed in January 2008.	SPM recruitment by Korn/Ferry is making good progress, and a number of candidates have been identified. PM recruitment to begin in coming weeks. IO III position for Forestland has been posted and is expected to be filled by mid-July. SPM and PM positions are to be filled by end of August. Forestland will be linked with the Commodities Unit and the IO III will report to the PM of Commodities and Forestland effective 7/1/08.	
Delegations	Approved by Board 2/21/08.	Approved by Board 2/21/08.	To be submitted in August, 2008.	To be submitted in August, 2008.
Incentive Plan	Approved	Approved	To be presented once staff is hired.	To be presented once staff is hired.
Investment Implementation	Exposure increased from \$450 million to \$950 million in March 2008. Portfolio is comprised of \$700 million in enhanced (market-neutral relative value) strategies and \$250 million in index strategies.	ILB portfolio has invested \$1 billion in U.S. and non-U.S. inflation-linked bonds.	Pending approval of policy, delegation and staffing.	Sylvanus Partners Annual Investment Plan (AIP) was approved by SIO-Real Estate, and the proposed New Zealand acquisition is under due diligence and will be approved under SIO-Real Estate delegations. A new U.S. investment in existing partnership is in preliminary stage and will be brought to IC if decision is needed before new delegations are in place.
Total ILAC Investments	Valued at \$3.75 billion as of April 30, 2008, or 1.5% of total fund. Since January 1, 2008 \$1.5 billion has been invested in commodities and ILB. The target is to reach 2.0% of total fund by December 31, 2008.			
Consultant Pool	RFP for Commodities, Infrastructure and Forestland has been finalized and is expected to be issued in June 2008. Consultants are expected to be retained by September 2008.			